

**STATE OF VERMONT  
GREEN MOUNTAIN CARE BOARD**

In re: MVP Health Insurance Company	)	Docket #:
3Q And 4Q 2017 Grandfathered	)	GMCB-02-17rr
Small Group EPO/PPO Rate Filing	)	

**MVPHIC Health Care's Memorandum in Lieu of Hearing**

MVP Health Insurance Company (MVPHIC) hereby submits this Memorandum requesting the Green Mountain Care Board (GMCB) approve the proposed rates as recommended by the Board's actuary, Lewis and Ellis (L&E). MVPHIC and the Office of the Health Care Advocate (HCA) have agreed to waive the hearing before the GMCB in this proceeding.

This filing is for MVPHIC's "grandfathered" small group PPO/EPO line of business, which are high deductible health plans (HDHP). The filing contains the monthly premiums that MVPHIC proposes to charge small group members who renew coverage during 3Q2017 and 4Q2017. MVPHIC is proposing to increase rates for its grandfathered small group EPO/PPO members renewing in 3Q2017 by 3.9% over the approved 3Q2016 rates and 4Q2017 rates by 5.9% over 4Q2016 rates for its HDHP plans.

This filing is expected to cover approximately 118 members enrolling in 3Q2017, and 244 members enrolling in 4Q2017. The vast majority of members in these plans renew in 1Q of any year. These are members who are in grandfathered plans, as defined by the Affordable Care Act, and have chosen to continue in their current plans and not move to Exchange plans. This is a closed book of business so membership numbers will dwindle over time.

L&E recommends approval of the rates as filed. The following is a summary of L&E's findings.

*Rate development methodology:* L&E agreed with the single conversion factor and age factor and found them to be reasonable and reflect real, observed population changes. They found the other adjustments to projected claim costs that include benefit mandates, taxes and other ACA related charges to be reasonable and appropriate. They noted MVPHIC's loss ratio for this market was 89.3% which exceeds the federal minimum loss ratio requirement, and the federal MLR to be 97%.

*Medical Trend:* Notably, they found that the development of this trend using negotiated unit cost changes with providers and GMCB approved hospital rate changes to be reasonable and appropriate. They did caution again that MVPHIC's use of a 0%

utilization trend could result in higher future rate increases if higher utilization is experienced, but found that the experience MVPHIC provided demonstrated that the Exchange trend appears to be approximately zero. They therefore found this trend assumption to be reasonable.

*Rx Trend:* MVPHIC used Vermont specific trend factors again and accepted its PBM vendor's, CVS/Caremark, "best estimate" of allowed Rx trends, rather than considering multiple scenarios of possible outcomes. MVPHIC accepted these assumptions without modification, and L&E found this to be reasonable.

*Administrative Expenses:* L&E agreed with MVPHIC's use of a higher general administrative load than used previously (8.4% vs. 8.2%) because this is a closed book of business and administrative costs will increase relative to premiums because of expected decline in membership. In this filing MVPHIC for the first time reflected the GMCB bill back under 18 VSA 9374(h)(1) and the HCA bill back amount into a single projected line item of \$5.52 pmpm, which L&E found supported and reasonable. They did not recommend any reduction to contribution to reserves, which MVPHIC set at 2% and found the elements on the Administrative Expenses were reasonable and appropriate.

## **Conclusion**

MVPHIC asks the Board to approve the filing as recommended by L&E. L&E opined that "the filing does not produce rates that are excessive, inadequate, or unfairly discriminatory" (L&E Actuarial Analysis, April 7, 2017, page 7). Any modifications made by the Board would not be supported by anything in the record, nor have any actuarial support.

s/ Susan Gretkowski

Susan Gretkowski, Esq.

MVP Health Care

62 Merchant Row

Williston, VT 05495

802-264-6532 (office)

802-505-5058 (cell)

[sgretkowski@mvphealthcare.com](mailto:sgretkowski@mvphealthcare.com)

April 24, 2017

## **Certificate of Service**

I, Susan Gretkowski, hereby certify that I have served the above Memorandum on Judy Henkin, General Counsel to the Green Mountain Care Board, and Lila Richardson and

Kaili Kuiper, counsel of record for the Office of the Health Care Advocate, by electronic mail this 24th day of April, 2017.

s/ Susan Gretkowski

Susan Gretkowski, Esq.

MVP Health Care

62 Merchant Row

Williston, VT 05495

802-264-6532 (office)

802-505-5058 (cell)

[sgretkowski@mvphealthcare.com](mailto:sgretkowski@mvphealthcare.com)